

ORIGINAL

OPEN MEETING AGENCY



0000014976

SALLQUIST & DRUMMOND, P.C.

ATTORNEYS AT LAW
TEMPE OFFICE
4500 S. LAKESHORE DRIVE
SUITE 339
TEMPE, ARIZONA 85282

RICHARD L. SALLQUIST

PHONE (602) 224-9222
FACSIMILE (480) 345-0412
E-MAIL dick@sd-law.com
Arizona Corporation Commission

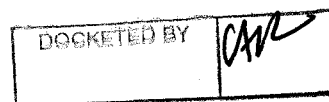
December 20, 2004

DOCKETED

DEC 20 2004

HAND DELIVERY

Tim Sabo
Arizona Corporation Commission
Legal Division
1200 W. Washington
Phoenix, Arizona 85007



WS04235A-04-0074

Re: Utilithy Source, LLC; Docket WS-04235A-04-0073 & 0074

Dear Tim:

Attached is a copy of the memorandum from the Jerry Attwood, the builder of the homes within the Subject Company's proposed CC&N, which provides the notice as required in your September 15, 2004 letter to me.

In the event you have any questions regarding this matter, please do not hesitate to call.

Sincerely,

Richard L. Sallquist

Enclosures

Copies: Docket Control (15 Copies)
Lonnie McCleve

RECEIVED
2004 DEC 20 P 3:22
AZ CORP COMMISSION
DOCUMENT CONTROL



Empire Companies

1016 W. University
Suite 202

Flagstaff, AZ 86001

Tel: 928.214.9683

Fax: 928.214.9682

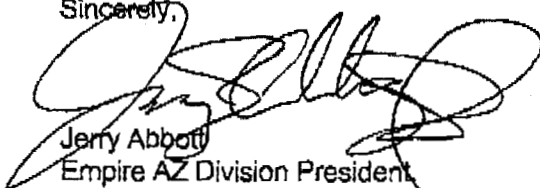
Memo

To: Tim Sabo
From: Jerry Abbott
CC: Lonnie McCleave
Date: 12.17.04

Dear Mr. Sabo,

Empire Residential Sales LLC has disclosed to all buyers since September 15th of our current situation on the CC & N. This disclosure is spelled out very clearly in the Public Report and was approved by Roy Taney of the Arizona Department of Real-estate. I have enclosed a copy of the page out of the public report that addresses the water and sewer situation. If you have any question or need more information please feel free to contact me directly. I appreciate your time and help to bring this to a resolution.

Sincerely,



Jerry Abbott
Empire AZ Division President

12/17/2004 18:11 FAX

001

REGISTRATION NO. DM04-047939
MEADOWS

TOWNHOMES AT FLAGSTAFF

UTILITIES

Electricity: Arizona Public Service, (928) 779-6911. Completion date to individual lot lines: January 30, 2005. Purchasers' costs as advised by the subdivider: "\$25.00 service fee; possible deposit required, pending a credit check".

Street Lights: N/A

Telephone: Qwest Communications, (800) 244-1111. Completion date to individual lot lines: January 30, 2005. Purchasers' costs as advised by the subdivider: "\$27.50 connection fee; possible deposit required, pending a credit check".

Natural Gas: UniSource Energy Services, (928) 774-4591. Completion date to individual lot lines: January 30, 2005. Purchasers' costs as advised by the subdivider: "\$25.00 connection fee and \$85.00 deposit".

Water: Utility Source, LLC (Bellemont Water System PWS No. 03-300), (480) 892-8756. Completion date to individual lot lines: January 30, 2005. Purchasers' costs as advised by the subdivider: "\$19.00 service fee and a \$25.00 deposit".

The Arizona Department of Water Resources in its letters dated March 22, 2004 and August 16, 2004 cite in part: "The water supply for this development has been determined to be inadequate by the Arizona Department of Water Resources per A.A.C. R12-15-703 (B)(c)."

NOTE: THE ARIZONA CORPORATION COMMISSION (ACC) HAS NOT APPROVED UTILITY SOURCE, LLC, AS A PUBLIC WATER COMPANY BECAUSE IT HAS NOT BEEN ISSUED A CERTIFICATE OF CONVENIENCE AND NECESSITY (CC&N). THE CURRENT STATUS FOR WATER SUPPLY IS STATED AS "INADEQUATE WATER". CURRENTLY UTILITY SOURCE, LLC IS IMPROVING THEIR FACILITIES AND IS SCHEDULED TO BE REVIEWED BY THE ACC IN NOVEMBER 2004.

AT THIS TIME, THE ACC HAS ORDERED UTILITY SOURCE, LLC TO CONTINUE TO PROVIDE WATER SERVICE TO EVERY HOME THAT ALREADY HAS A WATER METER INSTALLED. UTILITY SOURCE, LLC HAS BEEN ORDERED TO NOT INSTALL ANY MORE WATER METERS.

IN ITS LETTER DATED SEPTEMBER 15, 2004, THE ACC HAS ALLOWED UTILITY SOURCE, LLC TO PROVIDE WATER SERVICE TO LOTS 13-48, PENDING THE ISSUANCE OF THE CC&N.

RATES CURRENTLY CHARGED ARE NOT AUTHORIZED BY THE ACC AND MAY HAVE TO BE SUBSTANTIALLY INCREASED.

12/17/2004 16:11 FAX

002

REGISTRATION NO. DM04-047939
MEADOWS

TOWNHOMES AT FLAGSTAFF

Sewage Disposal: Utility Source, LLC (Flagstaff Meadows WWTP) (480) 892-8756. Completion date to individual lot lines: January 30, 2005. Purchasers' costs as advised by the subdivider: "Fees included in water charges". **UTILITY SOURCE, LLC DOES NOT HAVE ITS CC&N FROM ACC TO PROVIDE SEWER SERVICE. SEE PRIOR NOTE.**

THE ABOVE COSTS ARE SUBJECT TO CHANGE BY SERVICE PROVIDERS. YOU SHOULD CONTACT THE ABOVE PROVIDERS REGARDING EXTENSION RULES AND REGULATIONS, SERVICE CONNECTIONS AND COSTS INVOLVED.

STREETS, ROADS AND DRAINAGE

Access to the Subdivision: The subdivider advises that the completed streets to the subdivision are public, asphalt paved streets. Coconino County currently maintains said streets with costs to purchasers for maintenance included in property taxes.

Access within the Subdivision: The subdivider advises that the interior streets will be private asphalt paved streets. The estimated completion date for said streets is April 30, 2005. The Homeowner's Association will maintain said streets with costs paid by lot purchaser through Homeowners Association dues and assessments.

Flood and Drainage: The subdivider advises that a Retention basin and drainage facilities will be installed by subdivider. The estimated completion date for said facilities is May 30, 2005. Facilities will be maintained by Homeowner's Association with costs paid by lot purchaser through Homeowner's Association dues and assessments.

COMMON, COMMUNITY AND RECREATIONAL FACILITIES

Within the Subdivision: The subdivider advises that a park area, common landscaping, entry monument, private streets will be included in the subdivision, installed by the subdivider. The estimated completion date for said facilities is May 30, 2005. Said facilities will be maintained by Homeowner's Association, with costs paid by lot purchaser through Homeowner's Association dues and assessments.

ASSURANCES FOR COMPLETION

Assurances for Completion of Subdivision Facilities: Performance Bond for Subdivision Improvements with Coconino County, Arizona, dated November 6, 2003.